

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 FBO-01 A-01 NEAE-00 DRC-01 RSC-01 /014 W

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P 251250Z JUL 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 8029

UNCLAS JIDDA 4340

FOR : NEA/EX

E.O.: 11652: N/A

TAGS: AFSP SA

SUBJ: RIYADH EXPANSION

REF : A. STATE 137995; B. JIDDA 3656; C. JIDDA 2200

1. REF (A) WAS RECEIVED ON JUNE 27 (A NON-WORK DAY) AND AND EMBASSY OFFICER WENT IMMEDIATELY TO RIYADH TO ATTEMPT TO OBLIGATE FUNDS BEFORE THE JUNE 30 DEADLINE. ACCORDINGLY, IT WAS DECIDED TO CONCLUDE A CONTRACT WITH THE CORPS OF ENGINEERS TO LEASE, FURNISH AND MAINTAIN REQUIRED FACILITIES. LETTER OF INTENT TO THAT EFFECT WAS SIGNED AND COUNTER-SIGNED ON JUNE 29.

2. ORIGINAL COST ESTIMATES WERE BASED ON ONE LARGE VILLA. OWNER HAS SINCE DECIDED HOWEVER TO OCCUPY VILLA IN QUESTION HIMSELF AND IT IS NO LONGER FOR RENT. AMBASSADOR'S ILLNESS AND PREPARATIONS FOR SIMON VISIT PRECLUDED ANY FURTHER ACTION UNTIL EMBASSY TEAM WENT TO RIYADH FOR SIMON VISIT.

3. EMBASSY AND COE MADE COMPREHENSIVE SEARCH FOR ALTERNATIVE LOCATION; ONLY SUITABLE ALTERNATIVE QUARTERS AVAILABLE COMPRISE TWIN VILLA COMPOUND. ALTHOUGH EACH VILLA IS SMALLER THAN LARGE VILLA ORIGINALLY CONTEMPLATED TOGETHER THEY PROVIDE COMPARABLE SPACE WITH THE ADDED ADVANTAGE OF PRIVACY FOR THE OFFICER TO BE ASSIGNED AND HIS FAMILY. THE TWO NEWLY CONSTRUCTED VILLAS ARE IDENTICAL AND HAVE FOUR BEDROOMS AND TWO BATHROOMS UPSTAIRS, LIVING ROOM, ENTRY HALL, DINING

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ROOM, KITCHEN, STUDY AND TWO BATHROOMS ON GROUND FLOOR.

LANDLORD ASKED SR100,000 ANNUAL RENT FOR THE COMPOUND BUT
EVENTUALLY AGREED TO ACCEPT SR80,000. UNFORTUNATELY, HE INSISTS
UPON TWO YEARS' RENT IN ADVANCE.

4. IN VIEW OF THE ABOVE, THE \$45,925 (SR163,263) PROVIDED
REF (A) IS SUFFICIENT ONLY FOR TWO YEAR'S RENTAL OF COMPOUND.
BREAKDOWN OF TOTAL COSTS OF ALTERNATE LARGER RIYADH INSTALLA-
TION IS NOW:

FIRST YEAR	
RENT (TWO YEARS IN ADVANCE)	\$45,007
FURNITURE (LOCAL PURCHASE)	36,000
TEN AIR CONDITIONERS	6,000
TEN DESERT COLLERS	4,000
SERVICE CONTRACT WITH COE	8,400
TELEPHONE INSTALLATION	200
TOTAL	\$99,607

SECOND YEAR:
SERVICE CONTRACT (EST. 10 PERCENT INCREASE) \$ 9,240

EACH OF NEXT FOUR YEARS:
RENT \$22,250
SERVICE CONTRACT (INCLUDES EST. INCREASE) 10,400

TOTAL \$32,650

5. IN ORDER TO ESTABLISH OURSELVE IN RIYADH WE WILL NEED AN
ADDITIONAL \$53,682. WE SHOULD CONCLUDE AGREEMENT WITHIN
NEXT WEEK AS WITH INFLUX OF FOREIGN AND AMERICAN COMPANIES
IN RIYADH RENTS ARE CONTINUALLY RISING. MOST COMPANIES ARE
OFFERING THREE YEARS RENT IN ADVANCE AND VILLAS SIMILAR TO
THOSE WE HOPE TO OCCUPY ARE RENTING FOR SR50,000 WITH NO
TROUBLE.

6. RECENT VISIT BY SECRETARY OF TREASURY SIMON, ASSISTANT
SECRETARY OF TREASURY PARSKY AND ACTIVITY IN CONNECTION WITH
DEVELOPING US-SAG SPECIAL RELATIONSHIPS MAKES OUR NEED FOR
FACILITY IN RIYADH MORE PRESSING THAN EVER. REQUEST THAT
DEPARTMENT FAVORABLY CONSIDER EARLY INCREASE IN PROGRAM
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ALLOTMENT TO COVER COSTS.
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